

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

WILLARD L. SLOAN, EUGENE J.
WINNINGHAM, and JAMES L. KELLEY,
on behalf of themselves and a similarly
situated class,

Plaintiffs,

Case No. 09-cv-10918
Hon. Paul D. Borman
Magistrate Mona K. Majzoub

v.

Class Action

BORGWARNER, INC., BORGWARNER
FLEXIBLE BENEFITS PLANS and
BORGWARNER DIVERSIFIED
TRANSMISSION PRODUCTS, INC.,

Defendants.

EXHIBIT 29

TO

**PLAINTIFFS' MOTION
FOR SUMMARY JUDGMENT
AS TO LIABILITY**

POSITION STATEMENT

In the weeks and months ahead, the leadership of Local 287, the International Union, and the Management of Transmission Systems will study, analyze, and negotiate the future of this business.

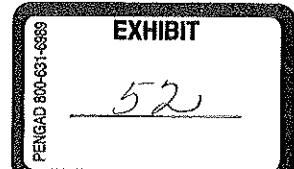
A number of factors have become clear during the last 12 months or so and have been communicated to the union as they were known.

Of major importance are the following.

1. The relocation of the Marine/Industrial business to the Kenfig plant in Wales was announced last summer. This will result in the loss of at least 300 jobs and if it proceeds on schedule will occur in the first quarter of 1987.
2. The loss of the T18 and T19 business was announced for 1987, with original projections showing the T19 going out in January 1987 and the T18 going out in July, 1987. There is some indication that the T19 will slip and also extend until mid 1987. This amounts to another 300 jobs.
3. The loss of approximately one-half of the T4/T5 business (GM Truck & Bus) will also take affect in 1987. This, along with the loss of the T18/T19 business will take Transmission Systems out of the light truck and utility applications, limiting us to rear wheel drive passenger car uses.
4. The locking hub business has in the past been very difficult to predict, however, it seems logical to assume, based on current knowledge, that it will continue to decrease over a period of time as those units which use the hub are phased out by the manufacturers.

The results of the above changes are clearly seen and have been reviewed with current union leadership.

1. Employment (total) will drop from 2,500 or 2,600 in 1986 to approximately 1,300 to 1,400 in 1987.
2. Sales will drop from \$300MM to approximately one-



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half of the amount.

3. Ford Motor Company will be our single largest customer, comprising 90% of our business.

It would appear that a number of areas exist which must be addressed at this negotiations--

1. The effect on the workforce of the 50% size reduction
2. The competitive position of the remaining organization
3. The development of the customer relationship with Ford Motor Company

The reduction of the workforce will be effected in two ways.

- a. There will be a major layoff of younger employees, perhaps 500 to 700
- b. There will be some retirements among the older employees, perhaps 200 to 300

The younger employees will in most cases be eligible for Unemployment Compensation and some paid insurance. Both parties will need to address the concerns of this very sizeable group.

Retirees will of course have both income and insurance. However, the viability of the remaining workforce is dependent upon the skills of the older employees. The parties will need to seek a balance which will provide a satisfactory retirement at a given age but which will not remove from the workforce those whose talents are required.

The competitive position of the remaining workforce will depend upon our joint abilities to create a work environment in which employees can work to their greatest advantage, unhampered by the traditional limitations. Our current experiences teach us that we must again develop a sense of quality and pride of workmanship. Jurisdictional limitations, pay procedures, manpower moves, and other established concepts must be studied carefully and modified or eliminated completely if they interfere with establishing a competitive atmosphere.

When a company like Borg-Warner Automotive, Inc., Transmission Systems has one single large customer, it becomes quite clear that the relationship with that customer must be

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unique, a total commitment to the needs of their schedule.

Again, we have to jointly convince the Ford Motor Company that we are committed to their requirements and that no local problem or in this case, the current negotiations, will be allowed to affect that commitment.

The future of Transmission Systems as a much smaller version of what we have known in the past is a challenge to all of the parties to this negotiation. The products that remain--the 1350 and the 1356 must be viable. While it is anticipated that the 1356 as presently constructed will be competitive, it cannot long exist as the sole product at Transmission Systems. The manufacturing processes connected with the 1350, along with the heavy participant involvement of operators and others who are involved in those processes must be updated if we are to maintain that business.

Our abilities to deal with the 1350 may well determine the future of any 4WD business at Muncie.

As noted earlier, the loss of the T4/T5 GM Truck and Bus business, along with the T18/T19 application, leaves Transmissions without any penetration in the light truck or utility vehicle market. That business which remains is a small number of high performance cars and other passenger cars with rear wheel drive, a market heavily endangered by front wheel drive. The hoped for use of our unit in the future Thunderbird--a project known as MN/12--has recently been rejected and sourced to Mazda.

There currently is little or no transmission business available to us in the next one to two years. Those applications in the marketplace available to Borg-Warner Automotive, Transmission Systems in which we have made proposals have been taken by both domestic and foreign competitors, who provide not only price but excellent quality. During the last three years, we have submitted bids on certain manual transmission business, below our current costs, and still have not been competitive in the eyes of the customer. As examples:

1. The Ford T4/T5 for compact trucks was lost to Mazda based on quality and price.
2. The AMC T4/T5 utility trucks was lost due to quality and price to Aisin Seiki.
3. The Ford T64/65 (T18/19) was lost to ZF of Germany in conjunction with Dana. Originally quoted on the basis of ZF's Brazilian manufacturing costs, manufacturing has been switched to Germany and the U.S. while maintaining the same price structures.

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4. GM Truck and Bus, T4/T5, T54/T55 lost to Getrag/DDA, Muncie, due to price. Not to be overlooked is the role that Detroit Diesel plays as a part of GM and the commitment of GM to invest dollars in the Muncie plant

The transmission business--based on these results--requires a new perspective. Our knowledge of the world marketplace is simply not thorough enough at this time to provide the direction we need, yet it would appear that the future for transmissions lies in broader markets than we have served in the past.

In addition to its own future, the transmission business--at the Muncie plant--could well determine future decisions re the 4WD. The Muncie facility contains one and one-half million square feet. The potential 4WD business will require approximately 350 - 400 thousand square feet following stream-lining of 1350. The use of such a small part of the building is not normally economically feasible. It is important that there be a transmission business in Muncie to support the use of this plant for 4WD.

We have the choice of accepting the current negative impact as a permanent way of life with the inescapable elimination of Transmission Systems as a viable manual transmission manufacturing business, or we can choose the option of accepting the challenges of searching out new markets and making ourselves sufficiently competitive to serve those markets.

We believe this is the direction that provides the best future for Transmission Systems for the employees of Transmission Systems and the Muncie community, while still meeting the business goals required by the corporation.

Such a decision is of course a joint decision. For if we do choose to compete, we need to be prepared to make substantial changes in our work environment as we understand this new market.

We do not now fully understand the market and until we do, we are severely limited.

The immediate necessity in the transmission market is a full scale study made by an experienced, objective, outside firm, one totally familiar with the automotive business. Such a study would require a minimum of a year, but would provide at that time the substance required for future business direction and decisions. We need to be aware that Borg-Warner and Borg-Warner Automotive are committed in a very positive way to remain in the 4WD, Marine and Industrial, and

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Manual transmission business and will seek effective business units to meet those needs. A study would define the potential business opportunities. Even then, only if Muncie is competitive, will it be considered for future business for the manufacturing site.

We have the responsibility of managing a major downsizing of the operation and preparing for the future of that which remains. That is our challenge in these negotiations.

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